GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:7254
ANSWERED ON:14.05.2002
IMPACT ON STATE ECONOMY AFTER PRIVATISATION OF PSUS
SUBODH MOHITE

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government makes evaluation of the impact on states economy before privatisation and dismantling of Public Sector Undertakings situated in the State;

(b) if so, the details thereof;

(c) if not, the reasons therefor;

(d) whether the Government is considering to share its earning from disinvestment with the States where PSUs are situated; and

(e) if not, the reasons therefor?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI ARUN SHOURIE)

(a),(b)&(c) Disinvestment is a participative process and this process is carried out through Inter-ministerial consultations and detailed deliberations with all stake holders, in accordance with a clear policy and well established procedures. Disinvestment in Central Public Sector Undertakings involves sale of equity of the Government of India in these companies. During the process of disinvestment, Governments of states, where the CPSUs are located, are normally consulted on such matters where the intervention and the assistance of the State Governments are considered necessary: for examplein land matters and other land related issues, mining lease, maintenance of law and order, environment and forests, services and utilities provided by the State and the local authority etc. The State Governments are at liberty to bring to the notice of the Governmentany issue relating to the impact of disinvestment on local economy. One important purpose / objective of disinvestment / privatisation being better utilisation of assets / capital employed in PSUs, the impact of disinvestment on local economy is most likely to be beneficial.

(d)&(e) The disinvestment proceeds are deposited in the Consolidated Fund of India (CFI) like any other receipt of Government of India. The expenditure out of the Consolidated Fund of India includes outlays for infrastructure sectors, restructuring of public sector enterprises, social sectors like education, health and family welfare etc. under both Central and State schemes.